

LS 5-2423

OGC REVIEW COMPLETED

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: Carry-over of No-year Appropriations

1. For some years we have been exploring the various aspects of our system of obtaining our funds both for the operating budget and for the reserve. Security continues to be the prime consideration, but it is also desirable to meet some special problems such as restoration of the reserve and the expenditures continuing after lapsing of appropriations. [REDACTED]

[REDACTED] Our first action in this regard was taken in regard to the reserve. In the event the reserve were not totally depleted in any one year, it appeared unnecessary to reappropriate any amount left unobligated if the same end could be met by a simple carry-over. The Bureau of the Budget agreed with this approach, and the Comptroller General's Office saw no objection, provided the Appropriations Committee's intent in this regard was made clear on the record. In connection with the funds for Fiscal Year 1955, the House Committee on Appropriations approved the proposal to carry over unobligated funds in the reserve and gave a written instruction to this effect to meet the Comptroller General's proviso about the record. In addition, the Committee noted that there was an unobligated balance in the 1954 operating budget of [REDACTED] which remained

[REDACTED]. They, therefore, further authorized the carry-over of these funds to be considered as a portion of the funds available for obligation in the regular operating budget for Fiscal Year 1955, thereby reducing the new appropriation for the 1955 operating budget by that amount. This approval for carry-over of part of the operating budget was again specifically set forth in writing by the Committee but was not specifically discussed in advance with the Comptroller General nor has it, to my knowledge, been taken up with that office since that time. I am not aware, however, that any questions have arisen in this connection.

2. At the time the appropriation for the CIA headquarters building was being considered, CIA proposed that the Committees authorize carry-over of the necessary funds from unobligated balances of appropriations for Fiscal Years 1953 and 1954, to remain available until expended. These funds were available in appropriations [redacted] contained annual limitations. The House Appropriations Committee accepted this manner of financing the new CIA headquarters installation and reported out the Supplemental Appropriations bill with the necessary language to authorize utilization of these prior-year funds. The views of the full House on this matter were never ascertained as all the funds for military construction, including those for CIA were stricken on the floor of the House on a point of order having nothing to do with the merits of the various items.

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3. Immediately following Committee approval of the military construction appropriations, Chairman Mahon of the Armed Services Appropriations Subcommittee advised the Legislative Counsel, in the presence of Mr. Wigglesworth the ranking Republican member of the Subcommittee, that he was "unalterably opposed" to the use of unobligated balances for an item as large as the funds for the CIA headquarters installation. He stated that he realized that we had taken this approach with the thought that it might "sweeten up the members" in that new funds would not have to be appropriated. On the other hand, he felt that it was a mistake to indicate that CIA had so large an amount of unexpended balances available as it might impair the security of our regular appropriations. He felt that such an indication might well raise questions on the floor of the House which would rebound against the manner in which CIA appropriations had been handled because of the large sum which would be indicated as having been appropriated but unexpended. Mr. Wigglesworth concurred in Chairman Mahon's point, but the whole point turned on the question of protecting CIA annual financing and not on the question of no-year funds.

4. As noted above, security is a prime consideration in the operating budget and the reserve, and one of the great advantages of the carry-over mechanism is that it reduces the amount which must be appropriated each year, thus [redacted] to cover the funds more securely. In connection with the Central Intelligence Agency building, however, it was early determined that there could be no security involved in either the authorization or the appropriation.

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[redacted]
Consequently, any actions taken on the building appropriation, in my opinion, have no impact on our other funding arrangements.

5. The main problem with placing the CIA budget on a no-year basis is that the Agency itself has no statutory authority for this purpose, and in the absence of such statutory authority we are informed that the House Appropriations Committee does not feel that it can bind future committees on this point. In their opinion they can authorize us annually to carry over funds which are in the

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[redacted] and that they can do this from year to year; but to do so on anything more than a year-to-year basis simply by means of a letter of intent would not be binding on future committees.

6. It seems clear that the Committee was not objecting to the principle of carry-over but felt very properly that the building problem should not be confused with or affect the security of the other funding arrangements. I believe, therefore, we should

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LAWRENCE R. HOUSTON
General Counsel

CDC:LMH:jeb

cc: Comptroller

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